

EXHIBIT 1

RIMINI STREET, INC.

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
WITH INDEPENDENT AUDITOR'S REPORT**

RIMINI STREET, INC.

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INDEPENDENT AUDITOR'S REPORT

Stockholders
Rimini Street, Inc.
Pleasanton, California

We have audited the accompanying balance sheets of Rimini Street, Inc. (a Nevada corporation) as of December 31, 2007 and 2006, and the related statements of operations, stockholders' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rimini Street, Inc. as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BBR LLP

BBR LLP
Walnut Creek, California
May 27, 2008

RIMINI STREET, INC.**BALANCE SHEETS****DECEMBER 31, 2007 AND 2006**

(See notes to financial statements)

ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Cash	\$ 101,442	\$ 8,094
Accounts receivable, net	655,318	187,750
Prepaid expenses	76,041	55,046
Total current assets	832,801	250,890
PROPERTY AND EQUIPMENT, net	190,989	111,189
DEPOSITS	25,007	10,616
Total assets	<u>\$ 1,048,797</u>	<u>\$ 372,695</u>

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 418,536	\$ 158,300
Accrued compensation	867,685	291,398
Deferred revenue	1,651,898	214,760
Accrued interest payable	87,048	17,771
Line of credit	472,115	-
Current portion of notes payable	259,250	495,000
Total current liabilities	3,756,532	1,177,229
LONG TERM LIABILITIES		
Notes payable, net of current portion	357,500	417,000
Total liabilities	4,114,032	1,594,229
STOCKHOLDERS' DEFICIT		
Preferred stock, 5,000,000 shares authorized 366,667 shares issued and outstanding as of December 31, 2007	501,192	-
Common stock, \$.001 par value, 13,000,000 shares authorized, 5,228,772 and 4,760,174 shares issued and outstanding as of December 31, 2007 and 2006 respectively	848	380
Additional paid-in capital	1,916,079	1,359,620
Accumulated deficit	(5,483,354)	(2,581,534)
Net stockholders' deficit	(3,065,235)	(1,221,534)
Total liabilities and stockholders' deficit	<u>\$ 1,048,797</u>	<u>\$ 372,695</u>

RIMINI STREET, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(See notes to financial statements)

	<u>2007</u>	<u>2006</u>
REVENUES	\$ 1 552.695	\$ 162.883
COST OF REVENUES	<u>(2.255 589)</u>	<u>(882.247)</u>
GROSS LOSS	<u>(702 894)</u>	<u>(719.364)</u>
OPERATING EXPENSES		
Sales and marketing	1 384.553	933.085
General and administrative	<u>687 924</u>	<u>564 137</u>
Total operating expenses	<u>2.072.477</u>	<u>1.497 222</u>
OPERATING LOSS	(2 775.371)	(2.216.586)
OTHER EXPENSE	<u>(123.857)</u>	<u>(18 124)</u>
NET LOSS, before income tax expense	(2.899.228)	(2.234 710)
INCOME TAXES	<u>2.592</u>	<u>-</u>
NET LOSS	<u><u>\$ (2.901 820)</u></u>	<u><u>\$ (2.234.710)</u></u>

RIMINI STREET, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(See notes to financial statements)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Par Value			
Balance at December 31, 2005	-	\$ -	1,934,328	\$ 29	\$ 494,971	\$ (346,824)	\$ 148,176
Issuance of common stock	-	-	2,825,846	351	864,649	-	865,000
Net loss	-	-	-	-	-	(2,234,710)	(2,234,710)
Balance at December 31, 2006	-	-	4,760,174	380	1,359,620	(2,581,534)	(1,221,534)
Issuance of common stock	-	-	140,187	140	149,860	-	150,000
Issuance of preferred stock	200,000	350,000	-	-	-	-	350,000
Legal fees relating to preferred stock financing	-	(48,808)	-	-	-	-	(48,808)
Conversion of debt	166,667	200,000	328,411	328	351,071	-	551,399
Stock option compensation	-	-	-	-	55,528	-	55,528
Net loss	-	-	-	-	-	(2,901,820)	(2,901,820)
Balance at December 31, 2007	366,667	\$ 501,192	5,228,772	\$ 848	\$ 1,916,079	\$ (5,483,354)	\$ (3,065,235)

RIMINI STREET, INC.**STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

(See notes to financial statements)

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (2,901,820)	\$ (2,234,710)
Adjustment to reconcile net loss to net cash used by operating activities		
Depreciation	67,365	33,673
Changes in operating assets and liabilities		
Accounts receivable net	(467,568)	(187,750)
Prepaid expenses	(20,995)	92,236
Deposits	(14,391)	(3,888)
Accounts payable and accrued expenses	260,236	130,292
Accrued compensation	576,287	291,398
Accrued interest payable	95,676	17,771
Deferred revenue	1,437,138	214,760
	<u>(968,072)</u>	<u>(1,646,218)</u>
Net cash used by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(147,165)</u>	<u>(101,517)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank overdraft	-	(21,171)
Net advances of line of credit	472,115	-
Proceeds from notes payable	404,750	912,000
Payments of notes payable	(175,000)	-
Proceeds from issuance of common stock	205,528	865,000
Proceeds from issuance of preferred stock	301,192	-
	<u>1,208,585</u>	<u>1,755,829</u>
Net cash provided by financing activities		
NET CHANGE IN CASH	93,348	8,094
CASH		
Beginning of year	<u>8,094</u>	<u>-</u>
End of year	<u><u>\$ 101,442</u></u>	<u><u>\$ 8,094</u></u>
SUPPLEMENTAL DISCLOSURES		
Schedule of noncash financing transactions		
Conversion of shareholder loans to common stock	\$ 351,399	\$ -
Conversion of shareholder loans to preferred stock	200,000	

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RIMINI STREET, INC.
NOTES TO FINANCIAL STATEMENTS

OPERATIONS

Incorporated in September 2005, Rimini Street, Inc. (Company) is an independent vendor-neutral provider of support programs in the fast-growing global software support market. The Company is redefining enterprise software support with innovative support solutions that are intended to help clients maximize the value of maintenance, reduce overall operating costs and free up IT budgets. The Company's support program benefits clients in every industry and save clients money while providing service levels above the original software vendor.

SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared using the following significant accounting policies:

Basis of presentation – The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when they are earned, and expenses are recognized when an obligation is incurred.

Use of estimates – Preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates.

Cash – Cash includes bank checking accounts. Cash on deposit occasionally exceeds federally insured limits.

Accounts receivable – Accounts receivable are reported at service contract value. Support services are billed in advance of providing services. As a result, management believes no allowance for doubtful accounts is necessary at December 31, 2007 and 2006.

Property and equipment – Property and equipment are stated at cost. Depreciation is recorded using straight-line method over an estimated useful life of 3 years.

Revenue recognition – Revenue is recognized when services have been provided to the client. Service contract revenues are deferred and recognized ratably over the life of the contract.

Income taxes – The Company provides for income taxes using the asset and liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between financial statement carrying values and tax cost basis of assets and liabilities using enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse. Management provides a valuation allowance against future income tax assets if, based on available information, it is more likely than not that some or all of the future income tax assets will not be realized.

Reclassifications – Certain prior year amounts have been reclassified to conform with current year presentation.

RIMINI STREET, INC.
NOTES TO FINANCIAL STATEMENTS

PROPERTY AND EQUIPMENT

Property and equipment at December 31 consist of the following

	<u>2007</u>	<u>2006</u>
Computer equipment	\$ 243,004	\$ 106,904
Furniture and fixtures	<u>50,660</u>	<u>39,595</u>
	293,664	146,499
Accumulated depreciation	<u>(102,675)</u>	<u>(35,310)</u>
	\$ 190,989	\$ 111,189

DEFERRED REVENUE

The Company expects to recognize all revenues related to service agreements in existence as of December 31, 2007 in 2008.

LINE OF CREDIT

The Company has a \$500,000 line of credit, which expires November 16, 2008. This facility is collateralized by all assets and property of the Company and bears interest at the bank's prime rate plus 16.25%. Two stockholders are personal guarantors to the line of credit. This line of credit supports 80% advances on eligible accounts receivable. The line of credit was increased to \$1,000,000 in February 2008.

NOTES PAYABLE

During 2007 and 2006, the Company borrowed \$404,750 and \$912,000, respectively, from certain stockholders. The notes bear interest at an annual rate of 10%. At December 31, 2007, \$259,250 matures in 2008 and \$357,500 matures in 2009. Interest expense for the years ended December 31, 2007 and 2006 was \$124,395 and \$18,193, respectively. No cash payments were made for interest in 2007 and 2006.

In 2007, the Company entered into agreements with these shareholders whereby the holders of the notes could convert the notes into shares of the Company's common and preferred stock at the option of the holder.

STOCKHOLDERS' EQUITY

Preferred stock – The Company is authorized to issue 5,000,000 shares of preferred stock. Each share of preferred stock is convertible into one share of common stock.

RIMINI STREET, INC.
NOTES TO FINANCIAL STATEMENTS

STOCKHOLDERS' EQUITY *(continued)*

The preferred stock has liquidation preferences equal to the original issue price (which may be adjusted) plus any declared but unpaid dividends. In certain circumstances, the liquidation preference may be higher depending on the level of liquidating distributions to the Company's common stockholders.

Common stock – The Company is authorized to issue up to 13,000,000 shares of common stock.

Warrants – In connection with the Financing Agreement with Sand Hill Finance on November 15, 2007 and February 8, 2008, the Company issued warrants to Sand Hill Finance for the purchase of 33,334 shares of common stock at an exercise price of \$1.50 per share. On December 27, 2007, the Company issued warrants to an individual for the purchase of 150,000 shares at an exercise price of \$1.50 per share.

Stock options – On December 31, 2007, the Company has one share-based compensation plan which is described below. Compensation cost charged against income was \$55,528 for 2007.

In May 2007, the shareholders approved the Company's Employee Stock Option Plan (Plan). The Plan permits the grant of share options and shares to its employees for up to 1,500,000 shares of common stock. The Company believes that such awards better align the interests of its employees with those of its shareholders. Option awards are generally granted with an exercise price equal to the market price of the Company's stock at the date of grant; those option awards generally vest based on 3 years of continuous service and have 10-year contractual terms.

The fair value of each option award is estimated on the date of grant using the Black-Scholes valuation model that uses the assumptions noted in the table below. Expected volatility is based on the historical volatility of the Company's industry sector under the calculated value method.

Expected volatility	49.85%
Risk-free rate	3.74%

A summary of option activity under the Plan as of December 31, 2007, and changes during the year then ended is presented below:

<u>Options</u>	<u>Shares</u>	<u>Weighted-Average Exercise Price</u>	<u>Weighted-Average Remaining Contractual Months</u>
Outstanding at January 1, 2007	-	\$ -	
Granted	1,094,035	1.08	
Forfeited or expired	(6,425)	.54	
Outstanding at December 31, 2007	1,087,610	1.08	114
Exercisable at December 31, 2007	202,579	.75	109

The weighted-average grant-date value of options granted during the year ended December 31, 2007 was \$4.711.

RIMINI STREET, INC.
NOTES TO FINANCIAL STATEMENTS

STOCKHOLDERS' EQUITY *(continued)*

A summary of the status of the Company's nonvested shares as of December 31, 2007 is presented below

<u>Nonvested Shares</u>	<u>Shares</u>	<u>Weighted Average Grant-Date Fair Value</u>
Nonvested at January 1, 2007	-	\$ -
Granted	1,094,000	1.08
Vested	(202,579)	.75
Forfeited	<u>(6,425)</u>	.54
Nonvested at December 31, 2007	884,996	

As of December 31, 2007, there was \$460,000 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Plan. That cost is expected to be recognized over a weighted-average period of 2.5 years. The total fair value of shares vested during the year ended December 31, 2007, was \$151,934.

STOCK SPLIT

On July 31, 2006, the Company announced that the Board of Directors authorized a 66-for-one stock split of its common stock. All prior year stock data presented in this report, including in accompanying financial statements and related notes, has been stated to reflect the stock split.

ADVERTISING EXPENSE

Advertising costs are expensed as incurred. Total advertising expense for the years ended December 31, 2007 and 2006 were \$38,704 and \$28,135, respectively.

CONCENTRATION OF CREDIT AND SIGNIFICANT CUSTOMERS

The Company had five customers that comprised 42% of sales and six customers that comprised 82% of sales for the years ended December 31, 2007 and 2006, respectively. At December 31, 2007 and 2006, the Company had five customers that comprised 75% and three customers that comprised 95% of accounts receivable, respectively.

RIMINI STREET, INC.
NOTES TO FINANCIAL STATEMENTS

INCOME TAXES

The components of the provision for income taxes as of December 31, 2007, are as follows:

Current	
Federal	\$ -
State	2,592
	<u>2,592</u>
Deferred	
Federal	-
State	-
	<u>-</u>
Total provision for income taxes	\$ 2,592

Deferred tax assets (liabilities) as of December 31, 2007, consist of the following:

Deferred tax assets	
Depreciation and amortization	\$ 384
Accruals and other	334,723
Net operating loss carryforward	1,580,031
	<u>1,915,138</u>
Gross deferred tax asset	1,915,138
Valuation allowance	<u>(1,915,138)</u>
Net deferred tax assets	\$ -

Reconciliation of the statutory federal income tax at December 31, 2007, to the Company's effective tax:

Tax at statutory federal rate	\$ (985,738)
State tax, net of federal benefit	(107,116)
Permanent items	25,132
True-Up from prior year	1,291
NOL not benefited	-
Other	(276)
Change in valuation allowance	1,069,299
	<u>2,592</u>
Tax expense	\$ 2,592

The Company has established a valuation allowance to offset net deferred tax assets at December 31, 2007, due to the uncertainty of realizing future tax benefits from its net operating loss carryforwards and other deferred tax assets.

At December 31, 2007, the Company has federal and state net operating loss carryforwards of approximately \$4,171,432 and \$3,028,978, respectively, expiring beginning in 2026 and 2011, respectively.

RIMINI STREET, INC.
NOTES TO FINANCIAL STATEMENTS

INCOME TAXES *(continued)*

Pursuant to Internal Revenue Code Section 382 use of the Company's net operating loss and credit carryforwards may be limited if a cumulated change in ownership of more than 50% occurs within a three-year period. Management has not yet determined the impact such limitation may have on the utilization of its NOL carryforwards against taxable income in future periods.

COMITTMENTS

The Company has two operating lease agreements for its operating facilities in Pleasanton, California. One lease expired February 29, 2008 and was not extended. The other lease expires March 31, 2011.

Future minimum rental payments are as follows:

2008	\$ 181,017
2009	176,440
2010	176,440
2011	<u>29,407</u>
	\$ 563,304

Rent expense under this lease and the previous lease agreement for facilities was \$87,107 and \$114,732 for the years ended December 31, 2007 and 2006, respectively.

RETIREMENT PLAN

The Company has a qualified 401(k) plan for all eligible employees. Employees may contribute up to the statutory maximum, which is set by law each year. The Plan also provides for discretionary employer contributions in an amount equal to 100% of each employee's contribution not to exceed 4% of eligible compensation. Retirement plan expense for the year ended December 31, 2007 and 2006 was \$70,879 and \$28,598.

BACKLOG

At December 31, 2007, the Company had booked orders of approximately \$7,500,000 which will be billed over future periods. All contracts contain termination clauses that permit cancellation with notice. The value of these contracts is not recorded on the Company's financial statements as of December 31, 2007.

SUBSEQUENT EVENTS

In March 2008, the Company received \$2,000,000 from private investors as convertible subordinated debt.